

Message Text

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42

ACTION EB-07

INFO OCT-01 FEA-01 ISO-00 AGR-05 CEA-01 CIAE-00 COME-00

DODE-00 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00

NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04 TAR-01

TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 OIC-02 AF-06

ARA-06 EA-06 EUR-12 NEA-10 IO-10 /133 W

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R 061950Z JUN 75

FM USDEL MTN GENEVA

TO SECSTATE WASHDC 146

AMEMBASSY BONN

AMEMBASSY BRASILIA

AMEMBASSY BRUSSELS

USMISSION USEC BRUSSELS

AMEMBASSY BUENOS AIRES

AMEMBASSY CANBERRA

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY HELSINKI

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY MEXICO

AMEMBASSY NEW DELHI

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

AMEMBASSY WELLINGTON

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PASS STR

9. COMPETITIVE EXPORT SUBSIDIZATION TO THIRS COUNTRY MARKETS.

NORDICS, AUSTRALIA, NEW ZEALAND AND CANADA AGREED WITH U.S. THAT

GATT PROVISIONS ON COMPETITIVE EXPORT SUBSIDIZATION TO THIRD COUNTRY MARKETS ARE INADEQUATE. U.S. SUGGESTED SANCTIONS AGAINST SUBSIDIZING COUNTRY MIGHT INCLUDE WITHDRAWAL OF TARIFF OR NONTARIFF BENEFITS BY DISADVANTAGED EXPORTING COUNTRIES.

10. PRIMARY PRODUCTS. NORDICS AND SPAIN FELT THE GATT PROHIBITION ON EXPORT SUBSIDIES ON NON-PRIMARY GOODS IN ARTICLE XVI:4 SHOULD NOT BE EXTENDED TO COVER PRIMARY PRODUCTS. BRAZIL STATED AGRICULTURAL SUBSIDIES SHOULD BE LEFT ASIDE. ON OTHER HAND, AUSTRALIA, NEW ZEALAND, ARGENTINA, HUNGARY, MEXICO AND NIGERIA FELT THE PRESENT DISTINCTION SHOULD BE ELIMINATED. AUSTRALIA AND NEW ZEALAND SAID ACCEPTANCE OF THE BAN ON EXPORT SUBSIDIES ON NON-PRIMARY GOODS IF AGRICULTURAL PRODUCTS CONTINUE TO BE EXCLUDED WOULD BE INEQUITABLE. HUNGARY FELT PRESENT RULES DISADVANTAGE SMALL AGRICULTURE EXPORTING COUNTRIES. MEXICO AND NIGERIA WANTED ALL PRODUCTS COVERD SO THEY COULD BE EXAMPTED FROM AGREED RULES.

11. CONSULTATIONS. EC, CANADA, JAPAN AND MOST OTHER DELEGATIONS BELIEVED THAT AN IMPROVED MECHANISH FOR CONSULTATION WAS NECESSARY PRIOR TO IMPOSITION OF COUNTERVAILING DUTIES. U.S. NOTED BILATERAL CONSULTATIONS ARE HELD IN ALL ITS CVD PROCEEDINGS, AND THAT PRIOR CONSULTATIONS ON SUBSIDIES WOULD BE EVEN MORE USEFUL. CANADA PROPOSED THAT THERE SHOULD BE MULTILATERAL SURVEILLANCE AND REVIEW OF COMPLIANCE AND SANCTIONS, IN ACCORDANCE WITH ANY AGREED SOLUTION ON SUBSIDIES/CVD. KOREA COMMENTED MULTILATERAL SURVEILLANCE BODY MIGHT TAKE FORM OF TEXTILE SURVEILLANCE BOARD. JAPAN AGREED WITH BRAZIL THAT ANY NEW CODE OF BEHAVIOR SHOULD PROVIDE THAT, IF BILATERAL CONSULTATIONS FAIL, THERE BE A MULTILATERAL REVIEW PRIOR TO CVD OR OTHER REMEDY (E.G. ADJUSTMENT OF SUBSIDY).

12. DIFFERENTIATED TREATMENT. BRAZIL REFERRED TO PREVIOUS PROPOSALS (MTN/W/5), STRESSED THAT RIGHT OF LDCS TO USE SUBSIDIES SHOULD GO UNCHALLENGED, AND URGED THAT WORK PROCEED ON THEIR PROPOSAL WITHOUT AWAITING GENERAL RULES. DIFFERENTIATED TREATMENT COULD TAKE FORM OF POSITIVE LIST OF PERMITTED SUBSIDIES, WHICH COULD BE USED BY LDCS WITHOUT LIMITS AND WITHOUT FEAR OF COUNTERLIMITED OFFICIAL USE
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VAILING. THIS LIST WOULD COVER ONLY SUBSIDIES ON NON-PRIMARY PRODUCTS SINCE PRIMARY PRODUCT SUBSIDIES ARE ALREADY ALLOWED UNDER ARTICLE XVI:4. IT SHOULD COVER ALL SUBSIDIES ON GSP ITEMS. BRAZIL ALSO PROPOSED A STANDSTILL AGREEMENT ON THE USE OF COUNTERVAILING DUTIES BY DCS ON LDC PRODUCTS FOR THE DURATION OF THE NEGOTIATIONS. INDIA AGREED THAT DIFFERENTIATED TREATMENT IS NECESSARY, BUT REJECTED A POSITIVE LIST BECAUSE IT IMPLIES THAT LDC USE OF MEASURES NOT ON THE LIST WOULD BE RESTRICTED. INDIA EMPHASIZED THAT THERE SHOULD BE NO LIMITATIONS ON THE USE OF SUBSIDIES BY LDCS AND WAS SUPPORTED BY COLOMBIA (FOR ANEAN PACT), EGYPT, NIGERIA, INDONESIA (FOR ASEAN COUNTRIES) AND MEXICO. THE BRAZILIAN PROPOSAL WAS SUPPORTED BY KOREA, WHILE ROMANIA, ARGENTINA AND

KENYA SAW POSITIVE ASPECTS IN BOTH PROPOSALS. ISRAEL SUPPORTED DIFFERENTIATED TREATMENT FOR SUBSIDIES THAT SERVE ECONOMIC DEVELOPMENT NEEDS FOR LDCS AND HAVE ONLY INCIDENTAL TRADE EFFECTS.

13. INDIA SUPPORTED BRAZIL'S STANDSTILL PROPOSAL, BUT BROADENED IT TO A GENERAL PRINCIPLE THAT SUBSIDIZED LDC PRODUCTS SHOULD NOT BE COUNTERVAILED AGAINST BY DCS EXCEPT IN EXCEPTIONAL CIRCUMSTANCES. INDIA ALSO STATED, SUPPORTED BY NUMEROUS LDC DELS, THAT SINCE LDCS HAVE NOT ACCEPTED DECLARATION OF 1960 AND ARE NOT COVERED BY ARTICLE XVI:4, THEY ARE EXEMPT FROM CVD. COLOMBIA, EGYPT, NIGERIA, INDONESIA, KOREA AND ARGENTINA EXTENDED THIS TO PROPOSE AN ABSOLUTE PROHIBITION ON DC COUNTERVAILING AGAINST LDC PRODUCTS. SUBGROUP AGREED TO INDIAN PROPOSAL THAT THE SECRETARIAT PREPARE A BACKGROUND NOTE DESCRIBING THE LEGISLATIVE HISTORY OF PROVISIONS IN PART IV AND SUMMARIZING EXPERIENCE WITH OPERATION OF ARTICLE XXXVII:3(C) AS IT APPLIES TO USE OF COUNTERVAILING ON LDC PRODUCTS.

14. NORDICS STATED THAT DIFFERENTIATED TREATMENT IS BOTH FEASIBLE AND APPROPRIATE, BUT THAT ITS FORM COULD NOT BE DECIDED UNTIL GENERAL RULES ARE FURTHER ALONG. LDC REPS UNANIMOUSLY REJECTED THIS QUALIFICATION. EC, SUPPORTED BY CANADA, SAID THAT (A) IT IS PREMATURE TO DECIDE THE FORM OF DIFFERENTIATED TREATMENT AND (B) ACCEPTANCE OF AN INJURY CLAUSE BY ALL COUNTRIES WOULD REMOVE THE NEED FOR DIFFERENTIATED TREATMENT AND THAT A STUDY OF CVD ACTIONS AGAINST LDC PRODUCTS WOULD BEAR THIS OUT.

15. FUTURE WORK PROGRAM. MOTIVATED BY U.S. TRADE ACT PROVISIONS RELATING TO NEGOTIATIONS ON SUBSIDY/CVD SOLUTION, CANADA PROPOSED LIMITED OFFICIAL USE
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THAT PARTICIPANTS SHOULD SUBMIT DRAFT PARAGRAPHS TO BE INCLUDED IN AGREEMENT OR AGREEMENTS TO GATT SECRETARIAT BY FALL. EC PROPOSED THAT TEXTS SHOULD BE IDENTIFIED AS TO WHETHER GATT AMENDMENT INTENDED, MAKING CLEAR THAT THEY ARE NEGOTIATING ON BASIS OF IMPROVEMENTS TO ARTICLES VI AND XVI. U.S. SUGGESTED THAT SUBMISSIONS BE CATEGORIZED UNDER SUBJECT HEADINGS RELATED TO U.S. PROPOSAL. SUBGROUP FINALLY AGREED TO FLEXIBLE FORMULA WHEREBY WRITTEN PROPOSALS, INCLUDING COMMENTS ON SUBSIDY/CVD PROBLEMS AS WELL AS SPECIFIC TEXTS, SHOULD BE SUBMITTED BY OCTOBER 15 IN WHATEVER FORM EACH PARTICIPANT SHOOSSES FOR CONSIDERATION AT MID-NOVEMBER MEETING.MCNAMARA

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